MONTANA LEGISLATIVE HISTORY

Chapter 457 19 75

Bill H 488 S _____ Original bill & history ____C

H. Committee on Taxation			S. Committee on Agriculture		
Hearing Date(s)	Feb 12	✓ C	Hearing Date(s)	Mar 15	✓ C
	Feb 22	✓ C	Taxation	Mar 25	✓ C
	_____	____C		_____	____C
	_____	____C		_____	____C
Date Out	Feb 22	✓ C		Mar 25	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

LC 1285

INTRODUCED BY Hayne BILL NO. 488

Salvagno - By request Dept Revenue

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 84-437.2, R.C.M. 1947, TO DEFINE AGRICULTURAL LANDS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 84-437.2, R.C.M. 1947, is amended to read as follows:

"84-437.2. Eligibility of land for valuation as agricultural. Land which is actively devoted to agricultural use and is part of a bona fide farm or ranch unit shall be eligible for valuation, assessment and taxation as herein provided each year it meets ~~any--of~~ the following qualifications:

(1) It ~~is-being-actively-devoted-to-agriculture-or--it has-been-historically-devoted-to-agricultural-use-and-it-has been--valued--and--assessed--as--agricultural--land--for-the taxable-years-1971,-1972-and-1973~~ has been actively devoted to agriculture during the last growing season and it continues to be actively devoted to agricultural use which means:

(a) It is used to produce field crops including, but not limited to, grains, feed crops, fruits, vegetables; or

(b) It is used for grazing; or

(c) It is in a crop-land retirement program; ~~or~~ and

(2) The area of such land is not less than ~~five--(5)~~ ten (10) contiguous acres when measured in accordance with the provisions of section ~~8,--(84-437.6)~~, when the gross value of grazing or field crops produced for sale or home consumption thereon together with any payments received under a crop-land retirement program totals at least ~~one thousand--($1,000)~~ two thousand dollars ($2,000) per year; or

(3) It agriculturally produces for sale or home consumption the equivalent of ~~fifteen-percent-(15%)~~ twenty percent (20%) or more of the owners' annual gross income regardless of the number of contiguous acres in the ownership.

(4) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes or if utility lines or division roads have been constructed to the individual tracts prior to filing of the subdivision plat.

(5) The grazing of land by a pleasure horse or pony or occasional limited grazing of other animals or other minimal or incidental farm practices shall not be considered to be bona fide agricultural operations."

-End-

HB 488

INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 211-75

FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 75, there is hereby submitted a Fiscal Note for House Bill 488 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 488 provides more stringent eligibility requirements for agricultural lands.

CONCLUSION:

House Bill 488 will not affect revenue or expenditures. It was requested by the Department of Revenue to provide statutory foundation for current classification procedures.

Michael K. Billings

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: February 17, 1975

TAXATION COMMITTEE

February 12, 1975

Rep. Dan Yardley, Chairman, called the Taxation Committee to order at 8:00 a.m., in Room #108, Capitol Building, Helena. All members were present except Rep. Tom Hager. House Bills 68, 377 and 488 were scheduled to be heard.

HOUSE BILL 488

Rep. Ora J. Halvorson, District 16, Kalispell, sponsored HB 488 at the request of the Department of Revenue to define agricultural land for taxation purposes. Agricultural land has been taxed according to its productivity for many years.

Rep. Halvorson called attention to a letter from the Montana Farm Bureau supporting HB 488; also a letter from the Farmers State Grange Association, Mr. Jack Inmen, who support the bill.

Mr. Dennis Burr, of the Department of Revenue, said the department wants to find out what is farm land what isn't. They aren't too picky about the size of acreage, nor percent of income that the bill might carry. He advised this is not so-called "Greenbelt legislation", but is agricultural legislation. The tax appeal board and the department of revenue do not agree on what should be taxed as agricultural land.

Mrs. Helen M. Peterson, State Tax Appeals Board, discussed problems of the present law, advising that at this time it is hard to distinguish whether a piece of land is agricultural land or not. She definitely would like the question of whether a written application declaring that a farm is agricultural land be clarified.

Mr. Mons Teigen, Executive Vice-President of the Montana Stockgrowers Association, Helena, can support the bill, but questions the words "bona fide" on page 1, line 12.

Mr. Leonard Sargent, Corwin Springs, Montana, rancher and EIC, thinks agriculture should be very careful that chiselers don't take advantage of the agricultural tax break. Supports the bill.

OPPONENTS: Mr. Conrad B. Fredricks, Big Timber, Montana, attorney, thinks it wrong to change on page 1, line 1 "or" to "and"; also thinks it basically unfair and discriminatory to put a percentage of income into the bill. He thinks sections 4 and 5 would go a long way to cleaning up the department's problems. Wants "or" taken out and "and" inserted in line 8, page 2. Opposes the bill.

Mr. Norm Starr, Big Timber, Montana, is opposed to HB 488 because it puts on limits of income. Not in favor of subdividing agricultural land.

Mr. Ward Shanahan, attorney for Dreyer Bros., Inc., McCone County, advised that the company has a ranch with a coal mine under it. About 40 acres per year will be disturbed, and then reclaimed by sprinkler - what taxation category will this land be in during and after reclamation? He thinks there should be a "roll forward" tax valuation for reclaimed agricultural land. Opposes the bill.

Mr. Gordon McGowan, Highwood, Montana, stated that the words "bona fide" raise a question in his mind. A 10 acre farm could start out with one horse, then go to 10 and cause erosion of the land which reflects back onto ranchers. Also these small places lock up too many animals in the daytime and turn them out anywhere after dark. He has no quarrel with the principle of getting at this problem somehow, but does not think this bill is going to do the job.

Rep. Bengtson was advised by Mrs. Peterson that cattle still grazing on subdivided land would keep the land in agricultural classification until the use was changed. Should consult an attorney.

HOUSE BILL 68

Rep. Herb Huennekens, District 68, Billings, says HB 68 would allow someone with a marginal income to survive by providing some supplemental income. He feels small truck garden and other productive small farms should be given tax breaks when they are actually producing farms. He would like to see the limits lowered, and the small tracts favored to encourage production from them.

Mr. Dennis Burr, stated HB 68 does include an acreage limit which the department feels is necessary. He prefers HB 488 because it is wider in scope, but HB 68 does have an acreage limit which is necessary.

OPPONENTS: Mr. Fredericks, Big Timber, agrees with Rep. Huennekens that it is hard to distinguish between persons who use rural land to supplement their income and others who have a small acreage on which to run a horse for pleasure. He feels the arbitrary monetary requirement is not in line. Opposes bill.

Mr. Norm Starr, Big Timber, Mt., opposes HB 68.

Mr. Burr advised that part of the question is about leased rural land.

HOUSE BILL 377

Rep. Huennekens advised HB 377 is for the purpose of extending a rollback of tax values to ten years from the four years in effect at the present time. The rollback has not functioned too efficiently. The idea was to prevent speculators from buying land and sitting on it for four years and use this agricultural or Greenbelt provision to hold lower taxes on that land and then subdivide the land. More valuable lands close to the limits

MONTANA FARM BUREAU FEDERATION

P.O. BOX 1207 - 125 WEST MENDENHALL BOZEMAN, MONTANA 59715
Dial 587-3153

February 11, 1975

Stanley C. Burger
Executive Vice President

Everett Snortland
Executive Legislative Director

Representative
House Taxation Committee
State Capitol Building
Helena, Mt 59601

Dear Representative

Unfortunately, there are so many hearings being held on Wednesday, February 12, 1975, we are unable to cover them all personally. Therefore, we are writing you to inform you of the Montana Farm Bureau's support for HB 488.

As you know, Representative Halvorson submitted HB 488 at the request of the Department of Revenue. At the time it was submitted, we had a question relative to changing from "five" to "ten contiguous acres" since all of us recognize the fact there are some intensive agricultural practices; that is, chickens, hogs, etc., that do not require 10 acres of land. After conferring with the Department, we found that under subsection 3 of Section 1 the problem would be taken care of by adding the term "regardless of the number of contiguous acres in the ownership".

There is one other provision in the bill about which we had apprehensions; specifically the item of increasing the gross value to $2000 per year. Subsequently, we contacted the Department again and found that retired agriculturists whose land remains in agriculture, regardless of the number of acres, will be assessed at the agriculture rate. We hope that will continue to be the policy of the Department since to do otherwise would cause an unreasonable economic impact on those on fixed incomes as well as marginal operation.

Farm Bureau has been a strong advocate of the "Green Belt Tax" legislation and we are interested in protecting only the bonafide agricultural producer. We certainly see nothing wrong with subsection 4 which we hope will, in addition to other bills, deter the construction of agricultural subdivisions which we know are eroding away our prime agricultural land base.

We certainly have no qualms with Section 5 since it is not our intention to dodge the primary issue of allowing the bonafide agriculturists to operate with a reduced tax base so long as they are incapable of passing their costs on to the consumer.

Mr. Chairman, Members of the Committee, we urge that you concur with HB 488.

If we can be of any further assistance to you in regard to this bill, we would appreciate hearing from you.

Sincerely,

FARMERS UNITED

Stanley C. Burger

SCB/ldl

NAME Shelby M Peterson Bill No. 68 488

ADDRESS Helena Date

WHOM DO YOU REPRESENT? STATE

SUPPORT ✓ OPPOSE AMEND ✓

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Clarify question of written application.

HOUSE BILL 488 - Rep. E. N. Dassinger moved that amendments to House Bill 488 DO PASS. Motion carried unanimously. Amendments were page 2, section 1, line 2, strike "(2) The", insert "the", re-number subsequent subsections; and amend page 2, section 1, line 4, following ".6)", strike ", when the gross value of grazing or field crops produced for sale or home consumption thereon together with any payments received under a crop-land retirement program totals at least ~~one-thousand-($1,000)~~ two thousand dollars ($2,000) per year". Rep. Ora J. Halvorson moved that HOUSE BILL 488 DO PASS AS AMENDED. Motion carried unanimously.

HOUSE BILL 68 - Rep. Halvorson moved that HOUSE BILL 68 DO NOT PASS. Motion carried unanimously.

HOUSE BILL 166 - Rep. Halvorson moved that HOUSE BILL 166 be tabled. Motion carried.

HOUSE BILL 374 - Rep. W. Jay Fabrega and Ora J. Halvorson were appointed as a sub-committee on HB 374.

HOUSE BILL 593 - After discussion Rep. W. Jay Fabrega moved that HOUSE BILL 593 DO PASS. Roll call vote showed 6 against and 4 committee members for do pass. A DO NOT PASS motion carried in the same manner - so HOUSE BILL 593 DO NOT PASS. Motion carried.

HOUSE BILL 477 - Rep. Harrison Fagg moved that HOUSE BILL 477 DO NOT PASS. Motion carried unanimously.

HOUSE BILL 642 - Rep. E. N. Dassinger moved to amend HB 642 to state that the money for this bill is to come out of the portion of the coal tax money that is allocated to the general fund. Motion carried with Reps. Aageson and Yardley voting No. Keemis, Williams, Fabrega, Lien, Dassinger, Anderson voted Yes. Rep. J. Melvin Williams moved that amendments of which there is a copy attached be adopted. Motion carried unanimously. Reps. Tom Hager and Harrison Fagg voted for this motion. Rep. Williams moved that HOUSE BILL 642 DO PASS AS AMENDED. Motion carried unanimously by ten members. Amendments to HB 642 were: Amend page 1, section 1, line 24, following "heritage" insert "and to ensure that the quality of existing public resources such as air, water, fish, wildlife and recreational opportunities are not significantly diminished by developments supported by this act"; amend page 2, section 1, subsection (1), line 10 following "developments" insert "in the public interest"; amend page 2, section 1, subsection (1), line 14 following "funds" insert "Renewable resource developments shall, whenever practicable, be multiple use projects, and shall not significantly diminish the quality of existing public resources such as air, water, fish, wildlife and recreational opportunities."; and amend page 3, section 3, line 17 following "who" insert ", without regard to their form of business organization"; and as continued on following pages.

line 22, after the word "hospitals" to insert "retirement housing".

Representative Williams in closing also had a proposed amendment that would delete section 6 in its entirety. This is just another method of financing agriculture he said.

CONSIDERATION OF HOUSE BILL 488:

Representative Halvorsen said this is an act to amend the section to define agricultural land for tax purposes. She briefly went through the bill explaining what would come under the bill. She said the bill had been introduced at the request of the Department of Revenue.

Dennis Burr, Department of Revenue, said this bill attempts to define agricultural land. He said one problem they have had is that land that is not platted subdivisions have been given agricultural tax value. He said land that is used for food production recieves preferential treatment.

Next the opponents were heard from:

Andy Skinner, said that on his ten acres that has hay on it is four times the amount of taxes that the ten acres across the fence that his neighbor has who has cows on it. He felt this was being unconstitutional.

John Anderson, who has 10 acres in the Green Meadow Subdivision, said people have been operating this land as agricultural land. They have maintained the ditches and the water rights and felt it should be considered agricultural.

Rita Tenneson, Helena, presented written testimony #1 attachment.

Joe Zimmerman, Helena, spoke next. His written testimony is attached #2.

John Kinsey from Helena, said he didn't think people should be penalized for buying a few acres and trying to raise hay or run a few horses.

Ludwig Champa, Helena, said he was definitely opposed to the bill. He said he raises hay and is retired and some years the hay might be 20% of his income and other years it would not be.

Wes Banta, Helena, who raises Arabian Horses, said this is a source of his income but some years would not be 20% of his total income.

Others who opposed the bill were Mr. and Mrs. C. M. Fifer, Harry Nichals, P. A. Kuhl, Cap Bryant, Betty Paull, Mr. and Mrs. F. Wreggelsworth, B. E. Stetzner and Jay Schmidt and Mr. and Mrs. Ward J. Soules. Attachment #3.

Discussion followed by members of the committee.

CONSIDERATION OF HOUSE BILL 539:

Representative Kummerfeldt said this bill pertains to the control of insects. He said the main concern was over grasshoppers. He said last year grasshoppers cauled $18.9 million damage nation wide. This bill would pertain to any area in the state

Gary Gingery, Department of Agriculture, presented testimony in support of the bill. See attachment #4.

Gordon Bollinger, Public Service Commission, said he was from northeastern Montana where they have serious problems with grasshoppers. He said the state laws now are very misleading and felt this bill was definitely needed.

Representative Lund, said this bill is important because it is encouraging legislation to bring the state and county together with a control program.

A map is attached #5 showing grasshopper populations in several counties.

A statement is attached from Alex Mogan, rancher, in support of the bill. See attachment #6.

Jim Stewart, Montana Quality Commodities, statement is attached #7.

DISPOSITION OF HOUSE BILL 488:

Senator Conover moved that House Bill 488 BE NOT CONCURRED IN. Seconded by Senator Manley. Motion carried. Senators Boylan, Nelson and Murphy Absent.

DISPOSITION OF HOUSE BILL 409:

Senator Foster moved to amend the title, line 5, following "enterprises" insert " and retirement housing" Seconded by Senator Manley. Motion carried. Senators Boylan, Nelson and Murphy absent.

Senator Aber moved to amend page 1, line 22 following "facilities" insert "retirement houseing" and to delete section 6 in its entirety. Seconded by Senator Manley. Motion carried. Senators Boylan, Nelson and Murphy absent.

Senator Aber moved that House Bill 409 BE CONCURRED IN AS AMENDED. Seconded by Senator Kolstad. Motion carried. Senators Boylan, Nelson and Murphy absent.

DISPOSITION OF HOUSE BILL 539:

Senator Jergeson moved that House Bill 539 BE CONCURRED IN. Seconded by Senator Conover. Motion carried. Senator Foster voting NO. Senators Boylan, Nelson and Murphy absent.

The meeting was then adjourned.

SENATOR CARROLL GRAHAM
Chairman

ROLL CALL

AGRICULTURE, LIVESTOCK & IRRIGA. COMMITTEE

44th LEGISLATIVE ASSEMBLY 1975 Date 3-19 a.m.

E	PRESENT	ABSENT	EXCUSED
ATOR BOYLAN - Vice Chair.	X		
ATOR ABER	X		
ATOR CONOVER	X		
ATOR FOSTER	X		
ATOR GALT	X		
TOR JERGESON	X 9:50		
NATOR KOLSTAD	X		
NATOR MANLEY	X		
NATOR MURPHY	X 9:50		
NATOR NELSON	X		
NATOR GRAHAM - Chairman	X		

Each day attach to minutes

REPRODUCED FROM
DETERIORATING COPY

#1

Members - Senate Agriculture Live Stock & Irrigation Dept. Committee:

We would like to ask you to turn down HB 488 as amended pertaining to section 84-437.2 R.C.M. 1947, for the following reasons:

1. This bill, sponsored by the Dept. of Revenue, has reached this committee witnout due consideration to the public. There are very few owners of land in 5 acre or 10 acre areas that know of this legislation.

2. The Dept. of Revenue has aimed this bill directly at the person who is unable to afford a large peice of land to farm. This bill is introduced only to benefit the Dept. of Revenue - not to assist the property owner/taxpayer. THIS BILL DISCRIMINATES AGAINST THE SMALL FARMER OR RANCHER. Sec. 1 1(a) 1(c) Sec. 2 Sec. 3 Sec. 4 As Amended

3. This is an unfair bill. We should not be penalized for owning 10 acres of "prime" agricultural land, we should be encouraged to keep it as agricultural and maintain the area as it was intentionally intended to be.

4. Some people have bought 5 acres or more to farm with a look to their retirement. Under this law, (as stated in HB 488,) they would no longer have an agricultural classification. And, we all know that, upon retiring, we need every break we can get. Once again, why should we be penalized?

5. A prime example right now is the land developer who has bought large tracts of prime agricultural land only to break it into many sub-divisions. If this developer thought of somebody else, instead of his "big, fat profit" then maybe others of us would be able to purchase more than just 10 acres of land to farm. The cost of land has become almost prohibitive when you consider $1500 an acre = $30,000 for 20 acres - and WHO CAN AFFORD TO PAY THAT FOR LAND AND HOPE TO DO ANY FARMING? In plain English, it is impossible for the average person to afford ~~x~~ to buy a large farm and make a profit at today's prices. So, once again, why penalize someone who can only afford a smaller farm and who is trying to make a better living?

6. The middle-class citizen is your TAX PAYING citizen - ~~xxxxxxxxx~~
The middle-class citizen is always in the middle being squeezed harder and harder
We middle-class citizens ask your committee to ~~kill~~ HB 488, as amended Do not Pass

Thank you.

Linda H. Tennant
Rita L. Tennant
Randy Tennant

Percy Markell was unable to attend but has written a letter urging us to speak for him. Acting Mgr.

#2

March 18, 1975

We are AGAINST bill #HB488 for the following reasons.

1. It is discriminatory against people with a small amount of land. For instance, we do not legislate how much money a business man must make or how many square feet his business must occupy in order for him to be in business. Also, a landlord is not required to have XX number of apartments that occupy XX number of feet and produce XX amount of income in order for a landlord to be in business. Why tell the small landowner how much he must make and how many acres he must have in order to use his land to his best advantage? Some people are good managers. With 5 acres of land, they could probably produce as much as a fellow with 10 acres that doesn't manage his property very well.

2. Our deed reads "agricultural" land. The County Zoning Board calls our land "agricultural" land but the State Department of Revenue in a lot of cases is taxing this land as "subdivision" which is at a higher rate. (Most of these people are under the impression they are getting the agricultural rate.) If land is taxed at "subdivision" rates, then it should be eligible to be subdivided if so desired.

3. If in this day and age ---- people want a garden or to raise animals for their own food to save money and energy, small land owners shouldn't be unjustly hindered in what they can use their own land for by uncalled for regulations such as size of plot or kind of animal or percent of income received from the land.

4. In 1973, the Greenbelt Act was set up for 5 acres or 15% of gross income. In 1975, the Department of Revenue is trying to up this to 10 acres or 20% of gross income.

   In 1973, there wasn't any mention of type of animals. In 1975, they have started to list animals that are not to be considered as agricultural for instance, pony, pleasure horse or occasional grazing of other animals!!!

   Where do we stop?

Respectfully,

Joseph J. Zimmerman

Mrs. Joe Zimmerman

Mr. & Mrs. Joe Zimmerman
1312 - 8th Ave.
Helena, Mont. 59601

Owners of 20 acres on Green Meadow Drive

Senator Carroll Graham
Chmn

March 17, 1975

TO: CHAIRMAN AND MEMBERS OF THE AGRICULTURAL COMMITTEE, SENATE, STATE OF MONTANA

Re: HB 488

This testimony is offered in opposition to House Bill 488, and hopefully, you will consider this letter during your committee meeting on Wednesday, March 19, 1975.

In our opinion, this measure is an attempt by the Dept. of Revenue, at whose request this bill was introduced, to again hit the middle income family who has the desire to own a small portion of the state's agricultural land, with a sledgehammer of taxes to make it impossible for us to reach a goal. The goal being a small farm or ranch, not only to retire on, but also to supplement an income that is becoming increasingly smaller because of the Department's attempts to take every cent that they can in the name of balancing the state budget.

The amendments to Section 84-437.2, as presented in this bill, will make it impossible for any citizen to own a ten acre plot of agricultural ground in the state of Montana. To take away the rights of a citizen to own a small farm by the method stated in this bill seems, and is, repugnant.

For under this bill, if you have 10 acres of ground, take 1 acre for a home, the remaining 9 acres cannot be classified as agriculture even if used as such.

To place a restriction that 20% of the owner's gross income must come from this 10 acres, (or any amount of acres regardless of the number)

is certainly unfair, since how, in these times of changing prices, is one to know until the crop is in whether he has gleaned 20% of his gross income from the land? This section of the bill does seem to be unconstitutional. In no other law is any business or person required to make a stated amount of income to gain a tax classification. You, as legislators, are not required to make 20% of your gross income during the time you are working in Helena. A corporation is not required to make a stated amount of income, or a percentage of its gross to classify for corporation taxes. While the reason for this section may be clear to the Dept. of Revenue, and of course, it is to "get" the person who tries to classify his land as agriculture and is not really engaged in farming or ranching, the Dept. appears to be biting the hand that feeds it. Why penalize the person who wants to use his land for agriculture, as is done under this measure?

And how about the people in the Green Meadow area of Helena, for instance, who bought their land under covenants which state that the land cannot be used for any other purpose except agriculture, and who are trying to develop the land into just that? Are they to break the covenants to satisfy this law?

Is raising and selling hay considered to be agriculture? What if the hay is sold to an owner of pleasure horses? The bill does say that you cannot graze pleasure horses on the 10 acres and have it considered to be agriculture. Then can you raise hay for pleasure horses?

If a disaster overtakes the farmer or rancher and he loses income

from his land for one year, would this take away his agricultural classification (assuming he could get the classification in the first place), and would the land have to be reevaluated every year? Under this bill, it would seem so.

And the section which states that regardless of the number of acres a person owns, he must produce 20% or more of his gross income, certainly is discriminatory against people who have the same income but have different amounts of land. Is it fair to require a man with a $15,000 income, 10 acres of land, to make as much off that piece of ground as one who also has a $15,000 income but who has 50 or 100 acres of ground?

At the very time that we are being asked to save our agricultural land in this country, the Dept. of Revenue would force the landowner, in order to survive, to sell his 10 acres to someone else who may not be as concientious about keeping it as agricultural land. Then the Dept. could tax that 10 acres, perhaps as business or junkyard. Great for the Dept., but bad for Montana.

Like the money grabbers in the temple, the Dept. of Revenue should have its tables turned over. We do not object to paying our fair share of taxes, we do object to being unfairly overtaxed, and having the very money which we planned to use to develop our land to agriculture taken into the state coffers to be used to balance an unrealistic budget.

We respectfully ask the Committee for a "do not pass" recommendation.

Sincerely,

Mr + Mrs Ward J. Soules

MR AND MRS WARD J. SOULES
609 Holter Street
Helena, MT. 59601

CONSIDERATION OF HOUSE BILL 198: Rep. South gave a brief presentation of his bill saying counties and cities are hurt due to tax levies as few mills are left for their use. He thought some of the moneys collected from the additional gas tax should be rebated to the cities for their use in maintenance of roads, streets, etc. Also speaking as a proponent was Mr. Mizner who said that costs of construction and maintenance have been raising steadily and they felt it was necessary to give the towns and cities extra revenues to care for their streets and roads. Other proponents included Mayors Micone and Laas as well as Mr. Fox and Mr. Hagan. Following, ten representatives from Montana cities rose to voice their support of the bill.

Following the proponents' testimony the Chairman called for opponents of the bill and Mr. Erickson spoke saying there were funds being held for the use of a number of cities in the state for road and street maintenance, and these funds had not been used as yet. He thought the extra tax would be adding to the already excessive gasoline taxes.

Rep. South was permitted his closing remarks on conclusion of opponent's testimony and following, the meeting was open for questions from the committee. It was brought out that the earmarked revenue funds awaiting use by the cities mentioned were left there awaiting issuance of contracts by the cities, for road and/or street construction, maintenance. It was brought out that a similar bill, SB233, was in the House and it was possible that some adjustments might have to be made in the bills. This concluded the hearing on HB198.

CONSIDERATION OF HOUSE BILL 488: Rep. Halvorson presented this bill which had been heard extensively in the Agriculture Committee and referred to Taxation. She said the bill dealt with definitions of 'agricultural land' for purposes of tax valuations and after pointing out several portions of the bill called on Mr. Burr of the Department of Revenue to explain the bill further. He stated the State Tax Appeals Board felt it necessary to further define agricultural land.

The Chairman announced next the opponents would be heard and advised them of the need for brevity where possible. The first to speak was Mr. Zimmerman who introduced testimony, attached, Exh. #2. Also opposing the bill were Mr. Baldwin and Mr. Bryant, who distributed testimony, attached, Exh. #3. Mrs. Tenneson also distributed opposing testimony, attached, Exh. #4. Dr. Keckley also appeared as an opponent of the bill.

The Chairman called for other opponents and there being none allowed closing remarks by Rep. Halvorson.

The committee members then asked a number of questions of several of the witnesses, and discussed similarities between this bill and SB273. Additional testimony was distributed as the meeting adjourned, attached, Exh. #5 and 6.

The Chairman adjourned the meeting, reminding the members of an executive session at 11:00 a.m.

Robert D. Watt

ROBERT D. WATT CHAIRMAN

(51)

ROLL CALL

TAXATION COMMITTEE

44th LEGISLATIVE SESSION - - 1975 Date 3/25

NAME	PRESENT	ABSENT	EXCUSED
SEN. HEALY	✓		
SEN. BROWN	✓		
SEN. MANNING	✓		
SEN. MATHERS	✓		
SEN. NORMAN	✓		
SEN. TOWE			
SEN. TURNAGE	✓		
CHAIRMAN WATT	✓		
E.O. Mbr. McOMBER	✓		

EXH. # 2

March 24, 1975

WE ARE AGAINST BILL #HB488FOR THE FOLLOWING REASONS.

1. It is highly DISCRIMINATORY against people with a small amount of land. For instance, we do not legislate how much money a business man must make or how many square feet his business must occupy in order for him to be in business. Also, a landlord is not required to have XX number of apartments that occupy XX number of feet and produce XXX amount of income in order for a landlord to be in business. Why tell the small landowner how much he must make and how many acres he must have in order to use his land to his best advantage? Some people are good managers. With 5 acres of land, they could probably produce as much as a fellow with 10 acres that doesn't manage his property very well.

Many people in good faith, bought 5 or 10 acres that were taxed agricultural. Now that the payments to the bank are well under way on this property, the Revenue Dept. comes along with all these restrictions. How can a man become part of a bona fide farm unit overnight? How can this man increase his acreage if his neighbor doesn't care to sell?

In regard to the farmer or rancher with 50 acres or more, are you intending on restricting him when he comes into town to buy a business? For EQUALITY UNDER THE LAW shouldn't you make the farmer or rancher who comes to town and invests his money in a feed store or farm machinery store or an ice cream parlour, occupy XX number of feet and make XX number of dollars and regulate what he can handle in his business in order to be fair? You are penalizing the Ma and Pa Farm or small landowner when taxation is suppose to be equally divided among all the people.

2. Our deed reads "agricultural" land. The County Zoning Board calls our land "agricultural" land but the State Department of Revenue in a lot of cases is taxing this type of land as "subdivision" which is at a higher rate. (In fact, most of these people are under the impression they are getting the agricultural rate.) If land is taxed at "subdivision" rates, then it should be eligible to be subdivided if so desired.

By the way, our agricultural land which is suppose to have already been subdivided does not have any utility lines or division roads to individual tracts. Instead of prohibiting its use for agricultural purposes, our deed reads for "agricultural use only". Item 14 on this deed reads "All undeveloped land contained within the described property will be used for agriculture and grazing purposes". Also, the animals considered agricultural were horses and cows. Our deed and land with similar covenants is in conflict with your bill.

3. If in this day and age, people who are concerned with the environment want a garden or to raise animals for their own food to save money and energy, small land owners shouldn't be unjustly hindered in what they can use their own land for by uncalled for regulations such as size of plot or kind of animal or percent of income received from the land. From all indications and all that is available to be read on the subject, more people in the future will be going back to the land.

4. In 1973, the Greenbelt Act was set up for 5 acres or 15% of gross income. In 1975, the Department of Revenue is trying to up this to 10 acres or 20% of gross income.

In 1973, there wasn't any mention of type of animals. In 1975, they have started to list animals that are not ~~xx~~ to be considered as agricultural for instance, pony, pleasure horse or occasional grazing of other animals!!! Where do we stop with the regulations?

5. Due to vast improvements and availability of irrigation and irrigation equipment and the use of commercial fertilizer, 20 acres of land is now able to produce for example enough hay and forage for 20 cows for a year.

In progressive states like California, the trend is to confine cattle on small acreages and use other available land to produce the food for them.

Also according to the March 6, 1975 issue of the Montana Farmer--Stockman, the horse population has more than doubled since 1960. Part of the growth is explained in a report fromkthe extension service, which administers the 4-H program. At the end of 1974, 320,767 4-H members were enrolled in horse projects as compared to 160,846 in beef.

Please kill this bill in committee. Thank you.

I wonder how many of these 4-H'ers live on five acre plots.

Respectfully,

Joseph F. Zimmerman

Mary Zimmerman

Mr. & Mrs. Joe Zimmerman
1312 - 8th Ave.
Helena, Mont. 59601

Owners of 20 acres of AGRICULTURAL LAND

P.S. The Green Belt has plenty of teeth in it as it is now written.

NAME Captain T. & Isabel Bryant Bill No. HB-488

ADDRESS 770 Prairie Road Helena Date 3/25/75

WHOM DO YOU REPRESENT? Self

SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXH. #3

Comments:

We are opposed to this bill as the intent is to raise the taxes on agriculture land that is of small acreages which is unfair and discriminating. The middle class people of average earnings are buying these small acreages hoping to live on the land and be able to enjoy a few things they want. There is no objection that houses on these acreages be taxed as other houses are, but we fail to understnad why there should be a tax of lesser amount for large holdings of agriculture land and a larger tax on small holdings. This raise in tax will force owners of these small acreages to sell and is paving the way for big business or government to own all land.

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3/25/95

Exh #8

We request a "DO NOT PASS" on HB 488

1. This bill is sponsored by the Dept. of Revenue without due consideration to the public. There are VERY FEW owners of land in 5, 10 and larger acre areas in Lewis & Clark County who are aware of this legislation. People in the other 55 counties HAVE NOT HEARD of this legislation. THIS WILL AFFECT THEM and the Dept. of Revenue has caused this bill to come into being and nearly put it into law WITHOUT DUE CONSIDERATION TO THESE PEOPLE.

2. The Dept. of Revenue has aimed this bill directly at the middle-class WORKING person who already pays the largest share of taxes, and at the RETIRED person who has paid his share. This bill may cause these people to have to abandon their hopes and dreams of a farming or ranching future, and discriminates against their freedom of the "pursuit of happiness" and their incomes.

3. This bill WILL effect revenue or expenditures by the Dept. of Revenue as this bill will increase the taxes on these lands anywhere from 3 to 4 times what the taxes are now. This money coming from people who already PAY MORE than their fair share of taxes. Once again discriminating against the middle-income WORKING person and the RETIRED person.

4. This bill discriminates against free enterprise. A person should be able to own a piece of agricultural land without CONTINUAL GOVERNMENT HARASSMENT! He buys the land, he disignates it as agricultural and uses it for that purpose and should not be CONTINUALLY HARASSED YEAR AFTER YEAR by the Dept. of Revenue in regards to the assessment on that land. The Dept. of Revenue discriminates against the owner of a small farm or ranch by dictating what this owner MUST have on the land. They tell us what we CANNOT have on our land. They have now gone so far as to dictate HOW MANY ACRES we must own and HOW MUCH our INCOMES must be! It appears that they are now making their own laws! Where will it all stop?

5. The Dept. of Revenue is PENALIZING us for owning a small farm or ranch, thereby depriving us of another of our basic freedoms.

6. The middle-class citizen IS your TAX PAYING citizen.
The middle-class citizen is always in the middle being squeezed harder & harder.
We middle-class, taxpaying, voting, citizens ask your Committee to DO NOT PASS HB 488.

Ruth A Tennesen
Theodore D Tennesen
Danette Tennesen
Cindie Tennesen
Tim Tennesen

EXH. #5

MARCH 25, 1975

MR. CHAIRMAN, COMMITTEE MEMBERS, MY NAME IS PIUS KUHL, I REPRESENT MYSELF, I AM A TAXPAYER, OF MIDDLE INCOME, AND I AM A REGISTERED VOTER AND I AM OPPOSED TO HOUSE BILL 488 FOR THE FOLLOWING REASONS:

HOUSE BILL 488 IS A DELIBERATE ATTEMPT BY THE MONTANA DEPARTMENT OF REVENUE TO SQUEEZE MORE MONEY OUT OF US -- THE TAXPAYERS THAT ARE ALREADY BEING SQUEEZED TO OUR LIMIT. A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE TESTIFIED AT THE SENATE AGRICULTURE, LIVESTOCK AND IRRIGATION COMMITTEE MEETING ON MARCH 19, THAT HOUSE BILL 488 WAS NOT THE GREEN BELT LAW, YÉT ON JANUARY 3, 1975 UNDER HIS SIGNATURE, HE SENT A MEMO TO ALL COUNTY ASSESSORS AND APPRAISERS INFORMING THEM OF "HIS" INTERPRETATION OF THE GREEN BELT LAW AND CLEARLY TOLD THEM, AND I QUOTE,

> "IT ALSO WOULD FOLLOW THAT THE PASTURING OF A PLEASURE HORSE OR PONY OR THE LIMITED OR INCIDENTAL GRAZING OF OTHER ANIMALS OR SOME OTHER MINIMAL FARM PRACTICE WOULD NOT MEET WITH THE LEGISLATIVE INTENT."

UNQUOTE. IT IS INTERESTING TO NOTE THAT HE IS TELLING HIS ASSESSORS AND APPRAISERS (ON JANUARY 3, 1975) WHAT THE LEGISLATIVE INTENT WILL BE THREE DAYS BEFORE THE 1975 SESSION WAS CALLED TO ORDER.

ALSO I WOULD LIKE TO POINT OUT THAT THERE IS A FISCAL NOTE ON THIS BILL, REQUEST NO. 211-75 SIGNED BY MIKE BILLINGS, BUDGET DIRECTOR, OFFICE OF BUDGET AND PLANNING DATED FEBRUARY 17, 1975 AND THE CONCLUSION OF THIS FISCAL NOTE READS,

HOUSE BILL 488 WILL NOT EFFECT REVENUE OR EXPENDITURES.

YOU WILL NOTE, WITHOUT EXCEPTION, ANY TIME AGRICULTURAL LANDS ARE RE-CLASSIFIED AS SUBURBAN, OUR TAX BILL WILL GROW IN PROPORTION. THEREFORE, DO YOU GENTLEMEN? REALLY BELIEVE THIS?

HOUSE BILL 488 WILL CERTAINLY INCREASE THE REVENUE FOR THE STATE

OF MONTANA, AND AS USUAL IT WILL COME FROM THE MIDDLE INCOME PEOPLE AND THE RETIRED PEOPLE WHO HAVE NO DOUBT PLANNED FOR YEARS UPON A SAFE AND SECURE FEW ACRES OF LAND WHERE THEY COULD ENJOY THEIR LEISURE YEARS WITHOUT FEAR OF HARRASSMENT BY GOVERNMENT AGENCIES WHICH HAVE NO BUSINESS OR RESPONSIBILITY TO SEEK ADDITIONAL TAXES FROM ANYONE. I HAVE READ THE MONTANA ADMINISTRATIVE PROCEDURES CODE AS IT PERTAINS TO THE DEPARTMENT OF REVENUE. FROM COVER TO COVER OF THIS VOLUME, I HAVE NOT FOUND ANY AUTHORITY WHICH GIVES THE DEPARTMENT OF REVENUE THE RIGHT TO SEEK ADDITIONAL TAXES. IT IS MY CONTENTION THAT THE DEPARTMENT OF REVENUE IS CHARGED WITH ENFORCING THE LAW IN REFERENCE TO TAXES AND THE COLLECTION OF SAME. I DO NOT BELIEVE THAT ANY AGENCY OF THE STATE OF MONTANA HAS THE RIGHT TO TRY TO INFLUENCE A MEMBER OF THE LEGISLATURE WITH PERSUASIVE MEANS IN AN ATTEMPT TO GARNER MORE TAX MONEY FROM THE ALREADY ENDANGERED SPECIES -- WE THE TAXPAYERS.

AT THE PRESENT TIME I AM NOT AFFECTED BY THIS BILL BUT I WOULD LIKE TO HOPE THAT IF SOMEDAY IN THE FUTURE I WOULD LIKE TO BUY A SMALL ACREAGE, I WOULD HOPE THAT I COULD AFFORD THE TAXES ON IT, MAYBE HAVE A HORSE AND MAYBE EVEN A GARDEN. IF THIS BILL IS PASSED, I AND MANY OTHERS LIKE ME WILL NOT BE ABLE TO AFFORD THE TAXES ON ANY SMALL PIECE OF SUBURBAN PROPERTY.

GENTLEMEN, THE STATE DEPARTMENT OF REVENUE BY SEEKING A SPONSOR TO THIS BILL WHICH THEY HAVE OBVIOUSLY FOUND, IS ATTEMPTING TO USURP THE ROLE OF THE LEGISLATURE OF THIS STATE. THE LEGISLATURE OF THIS STATE DECIDES WHEN AND WHAT TAXES IT WISHES TO IMPOSE ON THE CITIZENS OF THIS STATE -- NOT THE DEPARTMENT OF REVENUE.

GENTLEMEN, IT BEHOVES ME TO REMIND YOU THAT THE TAXPAYERS OF THIS STATE ARE BEING CONSTANTLY ASKED TO CONTRIBUTE MORE OF THEIR WAGES AND RETIREMENT BENEFITS IN THE FORM OF TAXES. THERE HAS TO BE A POINT WHERE WE DRAW THE LINE. I THEREFORE ASK YOUR FAVORABLE CONSIDERATION AND VOTE AGAINST THIS DISCRIMINATORY BILL. THANK YOU.

Attention of the committee was next directed to HB488 and 559.

DISPOSITION: Sen. Mathers MOVED HB559 BE NOT CONCURRED IN. the motion carried.

Sen. Turnage made a motion that HB488 be not concurred in, however he later withdrew his motion.

There followed considerable discussion and a number of amendments were suggested in an attempt to make it acceptable to the committee.

Sen. Towe proposed three amendments, see committee report, attached. Sen. Turnage also proposed an amendment.

DISPOSITION: Sen. Towe Moved to Adopt Amends #2, 4,; motion carried.

Sen. Turnage Moved to Adopt Amends #1, 3,; motion carried. There followed continued discussion and the remainder of the amendments were accepted by the committee.

Sen. Turnage Moved Amend #5; motion carried. Sen. Towe Moved Amend #6; motion carried. Sen. Turnage Moved Amend #7; motion carried.

Sen. Towe MOVED HB488 AS AMENDED, BE CONCURRED IN. Motion carried.

The Chairman then adjourned the meeting.

Robert D. Watt

ROBERT D. WATT CHAIRMAN

(52)

ROLL CALL

TAXATION COMMITTEE

44th LEGISLATIVE SESSION - - 1975 Date 3/25

- 1200 - - - - -

NAME	PRESENT	ABSENT	EXCUSED
SEN. HEALY	✓		
SEN. BROWN			
SEN. MANNING	✓		
SEN. MATHERS	✓		
SEN. NORMAN	✓ 11:45		✓
SEN. TOWE	✓		
SEN. TURNAGE	✓		
CHAIRMAN WATT	✓		
E.O. MBR. McOMBER	✓		11:30

HOUSE BILL NO. 488

INTRODUCED BY HALVORSON

(BY REQUEST OF DEPARTMENT OF REVENUE)

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING ~~SECTION~~ SECTIONS 84-437.2 AND 84-437.6, R.C.M. 1947, TO DEFINE AGRICULTURAL LANDS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 84-437.2, R.C.M. 1947, is amended to read as follows:

"84-437.2. Eligibility of land for valuation as agricultural. (1) Land which is actively devoted to agricultural use ~~and--is-part-of-a-bona-fide-farm-or-ranch unit~~ shall be eligible for valuation, assessment and taxation as herein provided each year it meets ~~any-of~~ EITHER OF the following qualifications:

~~(1)--it~~ (A) THE AREA OF SUCH LAND IS NOT LESS THAN FIVE (5) CONTIGUOUS ACRES WHEN MEASURED IN ACCORDANCE WITH PROVISIONS OF SECTION 84-437.6, R.C.M. 1947, AND IT ~~is-being actively--devoted-to-agriculture-or-it-has-been-historically devoted-to-agricultural-use--and--it--has--been--valued--and assessed--as--agricultural--land-for-the-taxable-years-1971, 1972-and-1973~~--has been actively devoted to agriculture during the last growing season and it continues to be actively devoted to agricultural use which means:

~~(a)--it~~ (I) IT is used to produce field crops including, but not limited to, grains, feed crops, fruits, vegetables; or

~~(b)--it~~ (II) IT is used for grazing; or

~~(c)--it~~ (III) IT is in a crop-land retirement program~~, or~~ and

~~(2)--the~~ THE ~~area-of-such-land-is-not--less--than--five (5) ten--(10)~~ FIVE--(5) contiguous-acres-when-measured-in accordance-with-the-provisions--of--section--8,--(84-437.6), when--the-gross-value-of-grazing-or-field-crops-produced-for sale-or-home-consumption-thereon-together-with-any--payments received--under--a--crop-land--retirement--program-totals-at least-one-thousand-($1,000)-two--thousand--dollars--($2,000) per-year; or

~~(3)~~(2)(B) It agriculturally produces for sale or home consumption the equivalent of ~~fifteen-percent--(15%)~~ twenty percent--(20%) FIFTEEN PERCENT (15%) or more of the owners' annual gross income regardless of the number of contiguous acres in the ownership.

~~(4)~~(3)(2) Land shall not be classified or valued as agricultural if it is subdivided with stated restrictions prohibiting its use for agricultural purposes ~~or-if-utility lines--or--division--roads--have--been--constructed--to--the individual-tracts-prior-to-filing-of-the-subdivision-plat.~~

REFERENCE BILL

~~(5)~~(4)(3) The grazing ~~of~~ ON land by a ~~pleasure~~ horse or ~~pony-or-occasional-limited-grazing-of--other--animals--or other--minimal--or--incidental--farm-practices~~ OTHER ANIMALS KEPT AS A HOBBY AND NOT AS A PART OF A BONA FIDE AGRICULTURAL ENTERPRISE shall not be considered ~~to-be~~ A bona fide agricultural ~~operations~~ OPERATION."

SECTION 2. SECTION 84-437.6, R.C.M. 1947, IS AMENDED TO READ AS FOLLOWS:

"84-437.6. Improvements on agricultural land. In determining the total area of land actively devoted to agricultural use there shall be included the area of all land under barns, sheds, silos, cribs, greenhouses and like structures, lakes, dams, ponds, streams, irrigation ditches and like facilities~~, but land under and such additional land as may be actually used in connection with the farm house shall be excluded in determining such total area~~."

-End-